



Interim Management Statement Q1 2018

April 24, 2018

Release no. 11/2018

Columbus delivers 75% growth in EBITDA*

In the first quarter of 2018 Columbus delivers revenue growth of 51% and increases EBITDA by 75%. The growth in EBITDA is primarily driven by the iStone acquisition.*

In accordance with the regulations for listed companies' submission of interim statements, Columbus A/S hereby submits the interim management statement for the period 01.01.2018-31.03.2018 (3 months).

EBITDA growth driven by acquisitions

Revenue in Q1 2018 amounted to DKK 469m (2017: DKK 310m), corresponding to an increase of 51% compared to the same period last year.

The revenue growth is primarily driven by the acquisition of the Swedish company iStone, which was acquired on 2 January 2018, and secondarily by the acquisition of HiGH Software on 9 February 2018.

EBITDA* amounted to DKK 51m (2017: DKK 29m), corresponding to an increase of 75% compared to the same period last year.

The increase in EBITDA* is driven by the previously mentioned acquisitions.

The result before tax increased by 92% to DKK 32m. Besides the increase in EBITDA* the result before tax is affected by a currency gain of DKK 11.5m arising from currency adjustment of the residual purchase price related to the iStone acquisition. Further, the result before tax is negatively affected by extraordinary depreciation of Columbus Software of DKK 15m.

Currency rate effect

Revenue and EBITDA* are negatively affected by the decline in the USD rate, which affects the revenue by DKK -13.3m and EBITDA* by DKK -1.1m. The decline in GBP and RUB rates have less effect on the results. In total, the declining currency rates affect the revenue by DKK -17.7m and EBITDA* by DKK -1.3m.

Progress in the services business

In Q1, the service revenue increased by 64%, from DKK 225m to DKK 370m, and chargeable hours increased from 55% to 57% compared to the same period last year.

The increase in the service revenue is primarily driven by the iStone acquisition.

Recovery of Columbus US

During 2017, the US business adjusted cost levels to compensate for the decline in sales. The recovery plan is executed according to plan.

Progress in the sale of Columbus Software

The sale of Columbus Software has come off to a good start with a total revenue growth of 38%. The sale of software maintenance services increased by 39% as a consequence of a satisfactory renewal rate and an emerging positive effect of the cloud conversion. The sale of licenses increased by 9% due to heavy demand in Q1. The sale of own cloud software products showed good progress.

Columbus Care and cloud drive growth in recurring revenue

In Q1 2018 recurring revenue increased by 29% and constituted 21% of the total revenue. The progress is driven by a considerable increase in sale of Columbus Care of 52% as well as an increase in total cloud revenue of 234%.

DKK '000	Q1 2018	Q1 2017	2017
Columbus Software licenses	6,959	6,387	26,673

Columbus Software subscriptions	16,907	12,195	50,258
Columbus Cloud	2,752	664	6,248
External licenses	17,774	16,967	94,629
External subscriptions	43,401	41,493	190,119
External Cloud	4,485	1,502	9,215
Services	369,601	225,089	822,551
Other	7,510	5,755	19,069
Total net revenue	469,389	310,053	1,218,762

EBITDA before share-based payment	51,453	29,454	148,510
Share-based payment	-837	-597	-2,302
EBITDA	50,616	28,857	146,208

Expectations to 2018

Columbus maintains the announced expectations to 2018:

- Revenue in the level of DKK 2bn
- EBITDA* in the level of DKK 200m
- Columbus Software revenue in the level of DKK 90m
- 10% dividend on nominal share capital

Latest developments

No events or transactions with a material effect on the company's financial position have occurred since the balance sheet date.

"Columbus started the year with two significant acquisitions of iStone and HiGH Software and progress within a range of our strategic business areas such as cloud, Columbus Care and Columbus Software. iStone and HiGH Software come with a range of exciting solutions and competencies which will strengthen our market position and we look forward to creating even great value for our customers and reaching our strategic business goals", says CEO and President in Columbus, Thomas Honoré.

Ib Kunøe	
Chairman	Thomas Honoré
Columbus A/S	CEO & President
	Columbus A/S

For further information, please contact:
CEO & President, Thomas Honoré .: +45 70 20 50 00

*EBITDA before share-based payment

Translation: In the event of any inconsistency between this document and the Danish language version, the Danish language version shall be the governing version.

Customer Success — Taking care of our customers for life

Columbus' fundamental goal is to take care of our customers for life. Columbus aims to be widely recognized as a strategic business partner that enhances our customer's success by improving the value realization of	their ERP investments and by leading them in the digital transformation of their business This means that Columbus will intensify the focus on creating a unique customer experience and increase customer	satisfaction from the customer meet Columbus for the first time to delivering unique solutions, high quality services and streamlined project delivery and support 24/7.
--	---	--

Digital Leadership — Accelerate business innovation

Columbus helps our customers in the digital transformation of their business. With Digital Leadership Columbus has two focus areas. Firstly, Columbus will continue to strengthen our leadership position within ERP by investing in new companies, applications,

methodologies and business processes that optimizes and improves the implementation of ERP-solutions. Secondly, Columbus will establish a leadership position within Digital Transformation. Many companies are about to or in the process of transforming their

business in order to succeed in the digital economy. Columbus will develop solutions and services within cloud, mobile, social, analytics and Internet of Things that help companies take advantage of the digital opportunities.

Process Excellence — Quality in everything we do

In Columbus, we constantly strive to optimize and streamline our business operations in order to achieve strong sales excellence and deliver projects, services and support of high

quality to our customers. Our goal is to create the best customer experience in the industry. The focal point is quality in everything we do — from the initial contact with customers,

over sales and design of the business solution to the implementation process and lifetime support. This means an intense focus on optimizing and streamlining our processes globally.

Our People — Attract, develop and retain the best people

Columbus' greatest asset is our employees and therefore it is crucial that we attract and retain the best people in the industry. We want to attract highly skilled people by

providing challenging career opportunities, attractive working conditions and professional and personal growth. Columbus want to create a customer culture, where

meeting the customers' expectations sets the direction in everything we do. This means that Columbus always strives to deliver projects on time, within budget and at the highest quality.

Income statement

DKK '000	Q1 2018	Q1 2017	2017
Net revenue	469,389	310,053	1,218,762
External project costs	-91,720	-60,371	-267,455
Gross profit	377,669	249,682	951,307
Staff expenses and remuneration	-274,718	-178,584	-659,790
Other external costs	-52,718	-41,669	-150,335
Other operating income	1,220	25	7,380
Other operating costs	0	0	-52
EBITDA before share-based payment	51,453	29,454	148,510
Share-based payment	-837	-597	-2,302
EBITDA	50,616	28,857	146,208
Depreciation/amortization	-28,295	-9,778	-39,479
Operating profit (EBIT)	22,321	19,079	106,729
Financial income	9,925	18	909
Financial expense	-118	-2,388	-6,008
Profit before tax	32,128	16,709	101,630

Financial income and expenses

Financial income and expenses primarily concerns exchange rate adjustments in relation to group receivables and monetary items.

Balance sheet

DKK '000	Q1 2018	Q1 2017	2017
ASSETS			
Goodwill	909,223	464,391	439,342
Customer base	72,398	34,370	27,674
License rights	1,127	19	1,173
Development projects finalized	64,004	64,541	68,934
Development projects in progress	6,884	5,310	5,558
Property, plant and equipment	25,257	15,975	12,645
Investments in associates	296	0	0
Deferred tax assets	22,549	21,086	23,786
Other receivables	6,474	4,239	5,162
Total non-current assets	1,108,212	609,931	584,274
Inventories	0	688	27
Trade receivables	276,579	136,582	148,900
Contract work in progress	13,985	13,815	7,577
Corporate tax receivables	3,659	6,429	3,397
Deferred tax assets	3,533	3,400	3,194
Other receivables	9,836	2,868	3,217
Prepayments	27,762	13,711	12,942
Receivables	335,354	176,805	179,227
Cash	92,000	64,918	88,235
Total current assets	427,354	242,411	267,489
TOTAL ASSETS	1,535,566	852,342	851,763

Balance sheet

DKK '000	Q1 2018	Q1 2017	2017
EQUITY AND LIABILITIES			
Share capital	149,832	149,832	149,832
Reserves on foreign currency translation	-54,706	-7,163	-28,779
Retained profit	450,021	360,454	428,059
Group shareholders equity	545,147	503,123	549,112
Minority interests	4,151	2,653	3,031
Equity	549,298	505,776	552,143
Deferred tax	33,346	10,619	17,808
Provisions	341,564	18,008	6,943
Debt to credit institutions	184,658	0	607
Non-current liabilities	559,568	28,627	25,358

Debt to credit institutions	6,089	20,607	8,810
Client prepayments	20,198	27,885	18,149
Trade payables	67,017	48,033	65,956
Corporate tax payables	1,721	19,209	2,266
Other liabilities	268,056	157,118	130,316
Accruals	63,619	45,087	48,765
Current liabilities	426,700	317,939	274,262
Total liabilities	986,268	346,566	299,620
TOTAL EQUITY AND LIABILITIES	1,535,566	852,342	851,763

Segment data

In order to support decisions about allocation of resources and assessment of performance of the segments, the Group's internal reporting to the Board of Directors of the Parent Company is based on the following grouping of operating segments:

Strategic business areas	Description	Geographical segment
ISV (Independent Software Vendor)	Development and sale of industry-specific software within Columbus' three focus industries: Retail, food and manufacturing	No specific area
Consultancy	Sale, implementation and service of standard business systems,	Western Europe Eastern Europe North America

Information about the Group's segments is stated below,

DKK '000	ISV	Consultancy			HQ, GDC and Eliminations	Total
		Western Europe	Eastern Europe	North America		
Q1 2018						
Columbus Software licenses	5,619	2,343	281	890	-2,174	6,959
Columbus Software subscriptions	16,241	4,323	256	963	-4,876	16,907
Columbus cloud	2,318	1,180	49	0	-795	2,752
External licenses	886	10,121	1,634	5,524	-391	17,774
External subscriptions	2,276	16,377	3,299	22,349	-900	43,401
External cloud	105	1,653	39	2,688	0	4,485
Services	14,252	279,728	23,696	53,537	-1,612	369,601
Other	196	5,655	641	1,161	-143	7,510
Total net revenue	41,893	321,380	29,895	87,112	-10,891	469,389
Gross profit	34,607	247,065	24,406	58,177	13,414	377,669
EBITDA	17,944	30,763	3,320	7,022	-8,433	50,616

DKK '000	ISV	Consultancy			HQ, GDC and Eliminations	Total
		Western Europe	Eastern Europe	North America		
Q1 2017						
Columbus Software licenses	4,859	2,677	721	159	-2,029	6,387

Columbus Software subscriptions	10,020	4,151	449	1,257	-3,682	12,195
Columbus cloud	664	100	0	0	-100	664
External licenses	0	5,031	3,523	8,481	-68	16,967
External subscriptions	0	12,195	5,138	24,165	-5	41,493
External cloud	0	219	0	1,285	-2	1,502
Services	4,177	119,095	25,662	79,530	-3,375	225,089
Other	283	2,645	423	2,688	-284	5,755
Total net revenue	20,003	146,113	35,916	117,565	-9,545	310,053
Gross profit	16,949	114,996	28,095	82,783	6,859	249,682
EBITDA	9,679	18,055	4,279	3,941	-7,097	28,857

Attachment

- [SE_11_2018_Interim_management_statement_for_Q1_2018](#)